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DEPARTMENT OF STATE

WASHINGTON

MEMORANDUM

January 20, 1967

TO: G
 G/PM
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 EUR/FBX
 ACDA
 SCI
 ARA/IAS
 E/TT
 NASA
 ✓ CIA
 ODDR&E
 USAF
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 DOD-FDCO

FROM: G/PM-MC - John W. Sipes *[Signature]*

SUBJECT: Meeting of U.S. Government Representatives and Pan American Representatives to Discuss Office of Munitions Control Case No. 683-66A & B (See last page for list of those present.)

On January 17, 1967 representatives of several United States Government Agencies met with Mr. Russell B. Adams, a Vice President of Pan American, and Mr. Cyril N. Golub, a Pan American engineer, to discuss contracts which Pan American proposes to sign with two French companies, SOCALTRA and COGREFA, to assist the French national company C.N.E.S. in the construction and operation of the French launch complex at Kourou, French Guiana. Mr. Jeffrey C. Kitchen, Deputy Assistant Secretary of State for Politico-Military Affairs, opened the meeting and stated that his purpose was to give the United States Government representatives a better understanding of what the French were asking Pan American to undertake.

Mr. Adams introduced Mr. Golub as the man who could answer all the questions which would be asked during the meeting. This, however, proved not to be the case since a majority of the questions concerned the scope and details of the proposed contracts. Mr. Golub, although most cooperative, was not competent to answer questions in this field. This was also the case with Mr. Adams. However, Mr. Golub's frank background exposition and the ensuing discussion served to identify certain problem areas and suggest possible means of resolving them.

In his exposition, Mr. Golub noted that C.N.E.S. was similar to NASA and that like NASA it subcontracted most of the work to be done on a launch complex.

SOCALTRA was described by Mr. Golub as a major French building contractor firm, particularly for refineries, nuclear plants, airport fuel systems and the like, State Dept. review completed

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which desires to play a major role in French range construction work. He said that the company is very competent and has excellent contacts in France. He added that there was a belief in Pan American circles that SOCALTRA desires for prestige purposes to have the name of Pan American listed as a consultant, as an aid in getting future contracts in France. He believed that this more than any real need of Pan American's services was the reason for SOCALTRA's desire to enlist the services of Pan American.

Note: It appeared from the discussion that Pan American has already given a certain amount of technical advice and assistance to SOCALTRA. The extent of this assistance was not pursued during the meeting.

During discussion on the scope of the proposed contracts, it became clear that the majority of the discussion participants, including Mr. Golub, felt the proposed contracts, which appeared to have been taken more or less directly from French versions, in their present form were much too broad, general and open-ended to be satisfactory from either a United States Government point of view or that of Pan American. For example, it was noted by Mr. Sipes that the work statement (Article I) of the proposed contract with SOCALTRA would obligate Pan American to furnish services required and requested by SOCALTRA on problems occurring during SOCALTRA's performance of its contracts with C.N.E.S. In addition, he noted that Article III 3 provides for automatic extension to cover new contracts between SOCALTRA and C.N.E.S. prior to October 31, 1968. Mr. Sipes said that it would be most helpful in evaluating the proposed contracts if an English language copy of the SOCALTRA contract with C.N.E.S. could be made available for study. Mr. Golub believed Pan American probably had a copy of this and that it could be made available readily. In the case of the proposed COGEFRA contract, Mr. Sipes drew attention to the fact that it calls for Pan American to furnish services as required and requested by COGEFRA on problems which may occur in the course of COGEFRA's performance of contracts it may enter into with C.N.E.S.

Some surprise was expressed with regard to the failure of Pan American to provide itself with an escape clause for use, for example, in case the French decided to use the Kourou complex to launch some military missiles.

There was some discussion about the fact that the proposed contracts clearly envisage the transfer of classified technical data at some point. Mr. Sipes noted that the Department of State could not defer to NASA and DOD its legal responsibilities for control of the exportation of such material. He added that the Office of Munitions Control would press for the removal from the proposed contracts of any suggestions or requirements for the transfer of classified information. There appeared to be fairly general agreement among discussion participants that the contracts should not include any provisions for the transfer of classified information.

Mr. Kitchen inquired what the approximate value of the proposed contracts was. Mr. Golub stated he believed it would be in the nature of \$6 million for the first year. It developed later that this figure was the approximate value of the first year of SOCALTRA's contract with C.N.E.S. Neither the Pan American representatives nor any other discussion participants were able to give any information as to what Pan American's remuneration would be.

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Mr. Kitchen noted that there appeared to be nothing in the contracts limiting them to ELDO projects only. Mr. Golub said Pan American was interested in assisting beyond the ELDO stage. In this connection he stated that weather satellite and "Diamant" launch complexes were planned as part of the Kourou launch complex. Mr. Frutkin said ESRO and other nations on a bilateral basis were interested in using the complex. He added that the French had publicly stated that the launch complex would be for "peaceful purposes." 25X1

Mr. Wolf, who had taken over the chairmanship of the meeting after Mr. Kitchen had been summoned by the Secretary, asked Mr. Sipes to sum up the meeting. Mr. Sipes said it was apparent that not all of the "In-House" staffing had yet been done. When this had been completed, it would be desirable to sit down with Pan American contracts personnel and discuss with them what would need to be done to make the proposed contracts acceptable from the United States Government point of view.

Mr. Adams expressed his thanks for the consideration being shown Pan American. He reiterated that Pan American was willing to be helpful to the U.S. Government in any way possible and stressed that, in the event Pan American does get approval for the contracts, Pan American representatives would be most cooperative in providing information about the Kourou launch complex to the U.S. Government.

Enclosure:

Attachment A

MC:LSHarris:jbk 1/20/67

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